

COMPANY REGISTRATION NUMBER: 00024084

**East Lancashire Chamber of Commerce and Industry**  
**Company Limited by Guarantee**  
**Financial Statements**  
**For the Year Ended**  
**31 December 2019**



**BEEVER AND STRUTHERS**  
Chartered accountants & statutory auditor  
Central Buildings  
Richmond Terrace  
Blackburn  
BB1 7AP

# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Financial Statements**

**Year Ended 31 December 2019**

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# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Officers and Professional Advisers**

#### **The Board of Directors**

A B Mitchell  
S A Butt  
S E Greenhalgh  
D S J Holmes  
M Hope  
A Weekes  
G Fitton  
D Sharpe  
C Whelan  
C L Ogden  
L Nutter  
A J McLaughlin  
A S Jackson  
M Barker  
A Gibbon  
D Gorton  
P A Rigby

#### **Company Secretary**

L Gaskell

#### **Registered Office**

Red Rose Court  
Clayton Business Park  
Clayton Le Moors  
Accrington  
Lancashire  
BB5 5JR

#### **Auditor**

Beever and Struthers  
Chartered accountants & statutory auditor  
Central Buildings  
Richmond Terrace  
Blackburn  
BB1 7AP

# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Directors' Report**

#### **Year Ended 31 December 2019**

The directors present their report and the financial statements of the company for the year ended 31 December 2019.

#### **Principal activities and review of the business**

Throughout 2019, despite the distraction and destabilising influence of Brexit our East Lancashire firms have continued to see buoyant trading within the UK and in their world-wide manufacturing and export markets, although local businesses do report that cashflow pressures have been put under additional strain by their Brexit trading smoothing plans, and two episodes of widespread stockpiling within the current financial year. Local industrial restrictions on trade continue to centre around specialist skills recruitment, skills retention within the area and the transport inefficiencies both characteristic of the North and peculiar to East Lancashire.

The Chamber has continued to drive forward in its role of lobbying and influencing at both a national and county level on behalf of the members. Focusing efforts on our growing areas of expertise around the Northern Powerhouse, Industrial strategy, Manufacturing and Innovation and Transport and Energy Policy. With Chief Executive Miranda Barker taking up her role as a Lancashire LEP Director, that brings to a total of 4 Chamber Council members who now sit as LEP Directors with a further 5 LEP Directors representing East Lancashire. Close relationships have continued to develop with BEIS at a regional and national level with the Chamber playing host to the department's national Director for Advanced Manufacturing paying a Chamber guided visit to Burnley and key local Chamber members.

Our work ensuring local businesses are able to shape regional and national policy continued with a seminal event with over 120 firms feeding into the Lancashire Local Industrial Strategy, hosted by the chamber in June. Other significant policy inputs have focused on the national transport agenda with Chamber members adding their voices to the northern campaign for transport investment in HS2 and NPR as well as stimulating the supply chain opportunities for our local firms to play a significant part in the building of national transport infrastructure not only for rail development but into Heathrow and their new runway project. In October the Brexit Readiness campaign saw the Chamber being at the heart of East Lancashire's preparedness work, advising over 29,000 companies across the area on support routes and hosting events across the county to answer Brexit trading concerns.

Chamber Council, now standing at 17 directors, and our Diamond Ambassadors, have developed as a useful strategic level consultation body for our partners and politicians throughout 2019, feeding back the future concerns and operational impacts of our business community re Brexit. These inputs feed directly to 400+ civil servants, Ministers and Government Departments in the capital. Our input nationally and regionally this year has helped to shape the UK Shared Prosperity Fund, being developed in Whitehall to succeed the EU structural funding.

This increased focus on Local Authority partnership and consultation around our geographical area and high-level involvement with LCC, especially with the Chamber Chief Executive now on the LEP Board, has enabled the Chamber to more strategically position itself in the minds of the public sector and business community, whilst being an ever stronger supporter of the local area business groupings including the Hive and Bondholders. Our direct involvement in all 6 areas' business bodies has continued with significant developments now bolstering both the Ribble Valley and Rossendale Business Leaders groups, seeing increased local authority participation and the creation of Economic Development Unit partnership initiatives in both areas.

2019 has seen the formal conclusion of our delivery of the superbly successful Lancashire Business Growth Fund programme (RGF), where the Chamber is the lead partner, drive the creation and/or safeguarding of over 1200 jobs and supported in excess of £40million of private sector investment in our local industries.

Our core business support services continue to reflect East Lancashire's economy, with further enhancements across all departments - International Trade leading the UK's Chambers in deployment of the new Customs Declaration Service and delivering the Growth Hub's bespoke service for international trade support

# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Directors' Report** *(continued)*

#### **Year Ended 31 December 2019**

Commercial Training saw the commencement of their involvement in the County wide Leading Lancashire program, being the only private deliverer taking part in this European funded Program to support the county's developing leaders through high quality in work training. Sterling work continues within Chamber Create, through the New Enterprise Allowance scheme and on the expansion of the Chamber Low Carbon program now being extended to run until 2023.

Throughout 2019 we saw the extremely positive results of the reinvestment in our Membership Department, the launch of the value-based propositions for membership, and the development of a full suite of pan-Chamber service marketing collateral. The now fully staffed membership team focused primarily on the retention of existing members - leading to a sustained retention rate in excess of 97% throughout the whole calendar year. With affiliate memberships being developed with local Chambers of Trade and the work on retention of existing members seeing us achieve the ambitious targets to exceed 600 members by December 2019.

The superb work across all departments saw the Chamber secure Chamber of the Year Runner Up, in the prestigious national Chambers of Commerce Awards. A fitting accolade for all the hard work by staff from all departments and the sterling support of all our members and Chamber Council.

The rental/investment property having been vacant for 50 percent of 2019 had by the close of 2019 seen a tenant secured for the majority of the available space with the contract now in place for 7,000 square feet.

The Chamber is pleased to have achieved positive trading results throughout the whole of 2019, resulting in us making a surplus as planned, and delivering positive results across our varied service areas, leading to sustained positive contribution projections for 2020.

The members, President, Council and Diamond Ambassadors are thanked for their continued support.

#### **Principal risks and uncertainties**

The Executive Board has assessed all possible risks facing the company over the next twelve months with the impact of the Coronavirus being the standout risk.

The Board has carried out a full review to identify the specific risks, to classify these as low or high and to consider how we will attempt to mitigate these risks.

With sight of trading figures to end of March 2020, we are in a sound cash position, significantly ahead of the cash at bank position at the same point last year and well ahead of year to date projected budget for 2020. We are reassured by the fact that 4 out of 5 of our profit centres are showing minimal or no effects from the unplanned external factors and of course we will continue to monitor this.

Although we currently have no evidence of a negative impact on our cash position, we will also monitor this closely and look to manage as prudently as possible the potential impact by probity in internal spending and proactive utilisation of support measures, including a CBILS loan to provide medium term financial stability for the business and to allow the strong trading capacity to continue to deliver.

In conclusion, it is considered that the risks to ELCC long term as a result of Coronavirus are being effectively managed and are relatively low, with the Chamber being judged a 'going concern'.

# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Directors' Report** *(continued)*

**Year Ended 31 December 2019**

#### **Directors**

The directors who served the company during the year were as follows:

A B Mitchell	
S A Butt	
S E Greenhalgh	
D S J Holmes	
M Hope	
A Weekes	
G Fitton	
D Sharpe	
C Whelan	
C L Ogden	
L Nutter	
A J McLaughlin	
A S Jackson	
M Barker	
A Gibbon	
D Gorton	
P A Rigby	(Appointed 7 October 2019)
P M Conroy	(Resigned 14 June 2019)
J C Barker	(Resigned 9 October 2019)
S Bentley	(Resigned 21 June 2019)

#### **Directors' Responsibilities Statement**

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Directors' Report** *(continued)*

**Year Ended 31 December 2019**

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### **Small Company Provisions**

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 28<sup>th</sup> May 2020 and signed on behalf of the board by:



A J McLaughlin  
Director

# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of East Lancashire Chamber of Commerce and Industry**

**Year Ended 31 December 2019**

#### **Opinion**

We have audited the financial statements of East Lancashire Chamber of Commerce and Industry (the 'company') for the year ended 31 December 2019 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions Relating to Going Concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.



# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of East Lancashire Chamber of Commerce and Industry *(continued)***

**Year Ended 31 December 2019**

#### **Other Information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

#### **Opinions on Other Matters Prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

#### **Matters on Which We are Required to Report by Exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of East Lancashire Chamber of Commerce and Industry (continued)**

**Year Ended 31 December 2019**

#### **Responsibilities of Directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### **Use of Our Report**

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Suzanne Lomax BA FCA (Senior Statutory Auditor)

For and on behalf of  
Beever and Struthers  
Chartered accountants & statutory auditor  
Central Buildings  
Richmond Terrace  
Blackburn  
BB1 7AP

28<sup>th</sup> May 2020

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Statement of Income and Retained Earnings

Year Ended 31 December 2019

	Note	2019 £	2018 £
<b>Turnover</b>	<b>5</b>	<b>2,858,174</b>	2,926,897
Other operating income	<b>6</b>	<b>41,841</b>	75,511
		<u>2,900,015</u>	<u>3,002,408</u>
Staff costs	<b>9</b>	<b>(1,245,937)</b>	(1,079,929)
Depreciation and other amounts written off tangible and intangible fixed assets		<b>(18,893)</b>	(16,108)
Other operating expenses		<b>(1,608,690)</b>	(1,877,012)
<b>Operating profit</b>	<b>7</b>	<b>26,495</b>	29,359
Interest payable and similar expenses	<b>11</b>	<b>(6,740)</b>	(8,224)
<b>Profit before taxation</b>		<b>19,755</b>	21,135
Tax on profit	<b>12</b>	<b>(5,622)</b>	(5,390)
<b>Profit for the financial year and total comprehensive income</b>		<b>14,133</b>	15,745
<b>Retained earnings at the start of the year</b>		<b>539,808</b>	524,063
<b>Retained earnings at the end of the year</b>		<b>553,941</b>	539,808

All the activities of the company are from continuing operations.

The notes on pages 13 to 24 form part of these financial statements.

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Statement of Financial Position

31 December 2019

	Note	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Tangible assets	13		1,742,086		1,748,362
Investments	14		1		1
			<u>1,742,087</u>		<u>1,748,363</u>
<b>Current assets</b>					
Debtors	15	860,934		708,424	
Cash at bank and in hand		<u>103,610</u>		<u>89,812</u>	
		964,544		798,236	
<b>Creditors: Amounts Falling due Within One Year</b>	16	<u>(491,703)</u>		<u>(468,963)</u>	
<b>Net current assets</b>			<u>472,841</u>		<u>329,273</u>
<b>Total assets less current liabilities</b>			<u>2,214,928</u>		<u>2,077,636</u>
<b>Creditors: Amounts Falling due after More than One Year</b>	17		(186,735)		(251,675)
<b>Provisions</b>	18		(24,748)		(19,126)
<b>Accruals and deferred income</b>			<u>(831,217)</u>		<u>(648,740)</u>
<b>Net assets</b>			<u>1,172,228</u>		<u>1,158,095</u>
<b>Capital and reserves</b>					
Revaluation reserve	21		69,131		69,131
Other reserves, including the fair value reserve	21		549,156		549,156
Profit and loss account	21		<u>553,941</u>		<u>539,808</u>
<b>Members funds</b>			<u>1,172,228</u>		<u>1,158,095</u>

The statement of financial position  
continues on the following page.  
The notes on pages 13 to 24 form part of these financial statements.

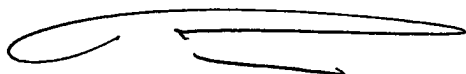
**East Lancashire Chamber of Commerce and Industry**

**Company Limited by Guarantee**

**Statement of Financial Position** *(continued)*

**31 December 2019**

These financial statements were approved by the board of directors and authorised for issue on 28<sup>th</sup> May 2020, and are signed on behalf of the board by:



A J McLaughlin  
Director

Company registration number: 00024084

The notes on pages 13 to 24 form part of these financial statements.

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Statement of Cash Flows

Year Ended 31 December 2019

	2019 £	2018 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	14,133	15,745
<i>Adjustments for:</i>		
Depreciation of tangible assets	18,893	16,108
Interest payable and similar expenses	6,740	8,224
Tax on profit	5,622	5,390
Accrued expenses/(income)	182,477	(302,898)
<i>Changes in:</i>		
Trade and other debtors	(152,510)	(290,739)
Trade and other creditors	21,214	200,367
Cash generated from operations	96,569	(347,803)
Interest paid	(6,740)	(8,224)
Net cash from/(used in) operating activities	<u>89,829</u>	<u>(356,027)</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(12,617)	(9,022)
Net cash used in investing activities	<u>(12,617)</u>	<u>(9,022)</u>
<b>Cash flows from financing activities</b>		
Loans repaid	(63,414)	(61,924)
Net cash used in financing activities	<u>(63,414)</u>	<u>(61,924)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>13,798</b>	<b>(426,973)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>89,812</b>	<b>516,785</b>
<b>Cash and cash equivalents at end of year</b>	<b><u>103,610</u></b>	<b><u>89,812</u></b>

In 2018 £477,975 representing Regional Growth Fund grant monies were distributed to qualifying businesses, these monies having been received by the company in prior periods.

The notes on pages 13 to 24 form part of these financial statements.

# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements**

#### **Year Ended 31 December 2019**

#### **1. General Information**

The company is a private company limited by guarantee, registered by England and Wales. The address of the registered office is Red Rose Court, Clayton Business Park, Clayton Le Moors, Accrington, Lancashire, BB5 5JR.

The principal activities of the company are those of a trade association, lobbying on behalf of the members, providing business support services and representing the business community.

#### **2. Statement of Compliance**

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

#### **3. Accounting Policies**

##### **Basis of Preparation**

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

##### **Consolidation**

The company has taken advantage of the option not to prepare consolidated financial statements contained in Section 398 of the Companies Act 2006 on the basis that the company and its subsidiary undertakings comprise a small group.

##### **Judgements and Key Sources of Estimation Uncertainty**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported. These estimates and judgements are continually reviewed and are based on experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

#### **Year Ended 31 December 2019**

### **3. Accounting Policies *(continued)***

#### **Judgements and Key Sources of Estimation Uncertainty *(continued)***

##### Significant judgements

The judgements (apart from those involving estimations) that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements are as detailed in the individual account policies below.

##### Key sources of estimation uncertainty

Accounting estimates and assumptions are made concerning the future and, by their nature, will rarely equal the related actual outcome. The key assumptions and other sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

- Determination of recoverability of trade debtors. A specific provision is made against certain debts where in the opinion of the directors the debt is not fully recoverable.
- Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.
- Determination of whether material variances have arisen on the valuation of the company's investment properties. Assessments take into consideration the current market conditions.

#### **Revenue Recognition**

Turnover is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods supplied and services rendered, stated net of discounts and of Value Added Tax.

In prior years the company received grant income from the Regional Growth Fund this was then distributed to qualifying businesses in accordance with the terms of the grant. As the company acted as principal the income and expenditure was shown gross.

Other revenue government grant income is recognised in accordance with the policy "Government Grants" as detailed below.

Revenue from the rendering of services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reliably estimated. When the outcome cannot be reliably estimated, revenue is recognised only to the extent that expenses recognised are recoverable.



# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

#### **Year Ended 31 December 2019**

#### **3. Accounting Policies *(continued)***

##### **Income Tax**

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### **Operating Leases**

Lease payments are recognised as an expense over the lease term on a straight-line basis. The aggregate benefit of lease incentives is recognised as a reduction to expense over the lease term, on a straight-line basis.

Lease income is recognised in profit or loss on a straight line basis over the lease term. The aggregate cost of lease incentives are recognised as a reduction to income over the lease term on a straight-line basis. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Any initial direct costs incurred in negotiating and arranging the operating lease are added to the carrying amount of the lease and recognised as an expense over the lease term on the same basis as the lease income.

##### **Tangible Assets**

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

#### **Year Ended 31 December 2019**

#### **3. Accounting Policies *(continued)***

##### **Depreciation**

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Long Leasehold Property	-	2% straight line
Fixtures and fittings	-	10% Reducing balance/ 33% Straight line

Investment properties are not depreciated.

##### **Investments**

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

##### **Impairment of Fixed Assets**

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

##### **Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

# **East Lancashire Chamber of Commerce and Industry**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements *(continued)***

#### **Year Ended 31 December 2019**

#### **3. Accounting Policies *(continued)***

##### **Financial Instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

##### **Defined Contribution Plans**

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

##### **Government Grants**

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the company will comply with the conditions attaching to them and the grants will be received.

Government grants are recognised using the accrual model and the performance model.

Under the accrual model, government grants relating to revenue are recognised on a systematic basis over the periods in which the company recognises the related costs for which the grant is intended to compensate. Grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the entity with no future related costs are recognised in income in the period in which it becomes receivable.

Grants relating to assets are recognised in income on a systematic basis over the expected useful life of the asset. Where part of a grant relating to an asset is deferred, it is recognised as deferred income and not deducted from the carrying amount of the asset.

Under the performance model, where the grant does not impose specified future performance-related conditions on the recipient, it is recognised in income when the grant proceeds are received or receivable. Where the grant does impose specified future performance-related conditions on the recipient, it is recognised in income only when the performance-related conditions have been met. Where grants received are prior to satisfying the revenue recognition criteria, they are recognised as a liability.

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2019

#### 4. Company Limited by Guarantee

At 31 December 2019 each of the members of the company agrees, in the event of the company being wound up, to contribute to any deficiency in assets a sum not exceeding £1.

#### 5. Turnover

Turnover arises from:

	2019	2018
	£	£
Rendering of services	2,858,174	2,448,920
Grants	–	477,977
	<u>2,858,174</u>	<u>2,926,897</u>

The turnover figure £2,858,174 (2018: £2,926,897) includes £nil (2018: £477,977) of RGF grant project income of which £nil (2018: £477,977) represented grants provided to third party companies.

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom.

Other operating income of £41,841 (2018: £75,511) (see note 6 below) was generated from property rentals.

The profit generated from trading activities was £69,605 (2018: £10,384), with a loss arising on the property rentals of £49,850 (2018: profit of £10,741).

#### 6. Other Operating Income

	2019	2018
	£	£
Rental income	<u>41,841</u>	<u>75,511</u>

#### 7. Operating Profit

Operating profit or loss is stated after charging:

	2019	2018
	£	£
Impairment of trade debtors	–	11,798
Operating lease rentals	<u>16,336</u>	<u>16,179</u>

#### 8. Auditor's Remuneration

	2019	2018
	£	£
Fees payable for the audit of the financial statements	<u>5,009</u>	<u>4,863</u>

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2019

#### 9. Staff Costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	2019 No.	2018 No.
Management staff	32	28
Number of executive directors	1	1
	<u>33</u>	<u>29</u>

The aggregate payroll costs incurred during the year, relating to the above, were:

	2019 £	2018 £
Wages and salaries	1,016,691	895,830
Social security costs	98,293	85,902
Other pension costs	130,953	98,197
	<u>1,245,937</u>	<u>1,079,929</u>

#### 10. Directors' Remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	2019 £	2018 £
Remuneration	94,919	89,911
Company contributions to defined contribution pension plans	13,314	6,834
	<u>108,233</u>	<u>96,745</u>

The number of directors who accrued benefits under company pension plans was as follows:

	2019 No.	2018 No.
Defined contribution plans	1	1

#### 11. Interest Payable and Similar Expenses

	2019 £	2018 £
Interest on banks loans and overdrafts	6,740	8,224

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2019

#### 12. Tax on Profit

##### Major components of tax expense

	2019 £	2018 £
<b>Deferred tax:</b>		
Origination and reversal of timing differences	5,622	5,390
<b>Tax on profit</b>	<b>5,622</b>	<b>5,390</b>

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is higher than (2018: higher than) the standard rate of corporation tax in the UK of 19% (2018: 19%).

	2019 £	2018 £
Profit on ordinary activities before taxation	19,755	21,135
Profit on ordinary activities by rate of tax	3,573	4,016
Other timing differences	2,049	1,374
<b>Tax on profit</b>	<b>5,622</b>	<b>5,390</b>

##### Factors that may affect future tax expense

The company has estimated trading losses of £nil(2018: £63,337) and UK property losses of £55,924 (2018: £21,634) available for carry forward against future profits.

#### 13. Tangible Assets

	Freehold property £	Investment Property £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 2019	539,574	1,325,000	209,887	2,074,461
Additions	—	—	12,617	12,617
<b>At 31 December 2019</b>	<b>539,574</b>	<b>1,325,000</b>	<b>222,504</b>	<b>2,087,078</b>
<b>Depreciation</b>				
At 1 January 2019	146,763	—	179,336	326,099
Charge for the year	10,791	—	8,102	18,893
<b>At 31 December 2019</b>	<b>157,554</b>	<b>—</b>	<b>187,438</b>	<b>344,992</b>
<b>Carrying amount</b>				
<b>At 31 December 2019</b>	<b>382,020</b>	<b>1,325,000</b>	<b>35,066</b>	<b>1,742,086</b>
At 31 December 2018	392,811	1,325,000	30,551	1,748,362

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2019

#### 13. Tangible Assets *(continued)*

##### Tangible assets held at valuation

The investment property part of Red Rose Court is not occupied by East Lancashire Chamber of Commerce and Industry.

The investment property has been revalued by the directors at the end of the accounting period, which has resulted in neither a surplus nor a deficit arising in the period. All other fixed assets other than noted below, are stated at cost less depreciation.

##### Historical cost

Included within freehold property is £170,000 recognised at fair value arising from the transfer of part of the property from investment property, representing space previously rented/available for rent which is now occupied by the company.

In respect of tangible assets held at valuation, the aggregate cost, depreciation and comparable carrying amount that would have been recognised if the assets had been carried under the historical cost model are as follows:

	Freehold property £	Investment Property £	Total £
<b>At 31 December 2019</b>			
Aggregate cost	484,945	728,343	1,213,288
Aggregate depreciation	(143,684)	—	(143,684)
<b>Carrying value</b>	<b>341,261</b>	<b>728,343</b>	<b>1,069,604</b>
<b>At 31 December 2018</b>			
Aggregate cost	484,945	728,343	1,213,288
Aggregate depreciation	(136,428)	—	(136,428)
<b>Carrying value</b>	<b>348,517</b>	<b>728,343</b>	<b>1,076,860</b>

#### 14. Investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 January 2019 and 31 December 2019	1
<b>Impairment</b>	
At 1 January 2019 and 31 December 2019	—

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year Ended 31 December 2019

#### 14. Investments *(continued)*

	Shares in group undertakings £
Carrying amount	
At 31 December 2019	1
At 31 December 2018	1

#### Subsidiaries, associates and other investments

	Class of share	Percentage of shares held
<b>Subsidiary undertakings</b>		
Export Sales Training Limited	Ordinary	100

The results and capital and reserves for the year are as follows:

	Capital and reserves		Profit/(loss) for the year	
	2019	2018	2019	2018
	£	£	£	£
<b>Subsidiary undertakings</b>				
Export Sales Training Limited	4,184	4,184	—	—

#### 15. Debtors

	2019	2018
	£	£
Trade debtors	326,499	245,471
Prepayments and accrued income	534,193	461,261
Other debtors	242	1,692
	<u>860,934</u>	<u>708,424</u>

#### 16. Creditors: Amounts Falling due Within One Year

	2019	2018
	£	£
Bank loans and overdrafts	64,941	63,415
Trade creditors	247,493	245,020
Amounts owed to group undertakings	4,183	4,183
Social security and other taxes	92,045	71,456
Other creditors	83,041	84,889
	<u>491,703</u>	<u>468,963</u>



# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2019

#### 17. Creditors: Amounts Falling due after More than One Year

	2019	2018
	£	£
Bank loans and overdrafts	<u>186,735</u>	<u>251,675</u>

#### 18. Provisions

	Deferred tax (note 19) £
At 1 January 2019	19,126
Additions	<u>5,622</u>
At 31 December 2019	<u>24,748</u>

#### 19. Deferred Tax

The deferred tax included in the statement of financial position is as follows:

	2019	2018
	£	£
Included in provisions (note 18)	<u>24,748</u>	<u>19,126</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	2019	2018
	£	£
Accelerated capital allowances	11,550	10,744
Revaluation of tangible assets	26,236	26,236
Unused tax losses	(10,626)	(16,144)
Other	<u>(2,412)</u>	<u>(1,710)</u>
	<u>24,748</u>	<u>19,126</u>

#### 20. Employee Benefits

##### Defined contribution plans

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £130,953 (2018: £98,197).

Contributions of £12,526 (2018: £8,999) were payable to the funds at year end and are included in creditors.

# East Lancashire Chamber of Commerce and Industry

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year Ended 31 December 2019

#### 21. Reserves

Revaluation reserve - This reserve records the value of asset revaluations and fair value movements on assets.

Fair value reserve - This reserve records the value of asset revaluations and fair value movements on assets recognised in other comprehensive income.

Profit and loss account - This reserve records retained earnings and accumulated losses.

#### 22. Operating Leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	2019	2018
	£	£
Not later than 1 year	6,772	14,658
Later than 1 year and not later than 5 years	<u>2,493</u>	<u>9,264</u>
	9,265	23,922

#### 23. Post Balance Sheet Events

The Executive Board has assessed all possible risks facing the company over the next twelve months with the impact of the Coronavirus being the standout risk.

The Board has carried out a full review to identify the specific risks, to classify these as low or high and to consider how we will attempt to mitigate these risks.

With sight of trading figures to end of March 2020, we are in a sound cash position, significantly ahead of the cash at bank position at the same point last year and well ahead of year to date projected budget for 2020. We are reassured by the fact that 4 out of 5 of our profit centres are showing minimal or no effects from the unplanned external factors and of course we will continue to monitor this.

Although we currently have no evidence of a negative impact on our cash position, we will also monitor this closely and look to manage as prudently as possible the potential impact by probity in internal spending and proactive utilisation of support measures, including a CBILS loan to provide medium term financial stability for the business and to allow the strong trading capacity to continue to deliver.

In conclusion, it is considered that the risks to ELCC long term as a result of Coronavirus are being effectively managed and are relatively low, with the Chamber being judged a 'going concern'.